

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Robert C. Kagle is a private investor who resides in San Mateo County.

In 2003, during the late contribution reporting period prior to the statewide special recall election held on October 7, 2003, Respondent made \$21,200 in political contributions, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).<sup>1</sup> As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file late contribution reports disclosing his late contributions within 24 hours of making them.

In this case, Respondent made a late contribution prior to the October 7, 2003 statewide special recall election, which he failed to timely disclose in a properly filed late contribution report, thereby committing a violation of the Act.

For the purposes of this stipulation, Respondent’s violation is stated as follows:

Respondent Robert C. Kagle failed to disclose a \$21,200 late contribution to Californians for Schwarzenegger in a properly filed late contribution report, by the September 23, 2003 due date, in violation of section 84203, subdivision (a).

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

Under section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is made or received before an election, but after the closing date of the last pre-election campaign statement. Under section 84200.8, subdivision (b), for an election not held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Section 84215, subdivision (a) requires all major donor committees supporting statewide candidates and measures to file the committee’s campaign statements with the office of the Secretary of State, the Registrar-Recorder of Los Angeles County, and with the Registrar of Voters of the City and County of San Francisco.

### **SUMMARY OF THE FACTS**

During the late contribution reporting period prior to the October 7, 2003 statewide special recall election, Respondent Robert C. Kagle made \$21,200 in political contributions, and thereby qualified under section 82013, subdivision (c) of the Act as a major donor committee.

As a major donor committee, Respondent had a duty to file late contribution reports, disclosing, within 24 hours, any late contributions that he made. The late contribution reporting period for the October 7, 2003 statewide special recall election was September 21, 2003 through October 6, 2003.

On September 22, 2003, Respondent made a contribution of \$21,200 to Californians for Schwarzenegger. As the contribution was made during the late contribution reporting period prior to the October 7, 2003 statewide special recall election, Respondent was required to disclose the contribution in a late contribution report filed by September 23, 2003. Respondent failed to do so. Respondent disclosed the \$21,200 late contribution made to Californians for Schwarzenegger in a late contribution report filed on October 8, 2003, almost two weeks late.

By failing to file a late contribution report by September 23, 2003, disclosing a \$21,200 late contribution to Californians for Schwarzenegger, Respondent committed a violation of section 84203, subdivision (a).

### **CONCLUSION**

This matter consists of one count, which carries a maximum possible administrative penalty of Five Thousand Dollars (\$5,000).

Under the Enforcement Division's Streamlined Late Contribution Enforcement Program, the approved administrative penalty for failing to timely disclose a late contribution is 15 percent of the amount of the undisclosed contribution. However, as Respondent declined the opportunity to resolve this matter in an expeditious manner through the streamlined program, a penalty higher than the standard 15 percent penalty imposed under the program is justified. Nonetheless, as the late contribution reporting violation in this case does not appear to be

especially aggravated, a settlement amount lower than the maximum administrative penalty is also appropriate.

Therefore, a penalty approximating 20 percent of the amount not properly reported has been settled upon.

The facts of this case therefore justify imposition of the agreed upon penalty of Four Thousand Two Hundred Forty Dollars (\$4,240).